

Financial Statements of

MIDDLESEX-LONDON HEALTH UNIT

And Independent Auditors' Report thereon

Year ended December 31, 2023



MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2023

Financial Statements

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MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2023

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Middlesex-London Health Unit ("Health Unit") are the responsibility of the Health Unit's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Health Unit's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Finance & Facilities Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by The Corporation of the City of London. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's financial statements.

Emily Williams, BScN, RN, MBA, CHE
Chief Executive Officer

David Jansseune, CPA, CMA
Assistant Director, Finance

Matthew Reid, Chair
Board of Health

INDEPENDENT AUDITORS' REPORT

To the Chair and Members, Middlesex-London Board of Health

Opinion

We have audited the financial statements of Middlesex-London Health Unit (the “Health Unit”), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Unit as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Health Unit in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Health Unit’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Health Unit or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Unit’s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Health Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Health Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

“Draft”

Chartered Professional Accountants, Licensed Public Accountants

June 2024

London, Canada

MIDDLESEX-LONDON HEALTH UNIT

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	\$ 1,465,039	\$ 4,181,797
Accounts receivable	868,690	1,195,023
Grants receivable	7,058,600	6,910,975
	<u>9,392,329</u>	<u>12,287,795</u>
Financial Liabilities		
Accounts payable and accrued liabilities	1,347,422	851,182
Deferred revenue	2,287,136	4,213,229
Demand loan (note 6)	3,147,799	3,840,625
Due to Province of Ontario	3,916,828	5,005,768
Due to The Corporation of the City of London	-	611,898
Due to The Corporation of the County of Middlesex	-	116,552
Accrued wages and benefits	1,379,858	1,329,494
Employee future benefits (note 2)	3,402,800	3,220,100
	<u>15,481,843</u>	<u>19,188,849</u>
Net debt	(6,089,514)	(6,901,054)
Non-Financial Assets		
Tangible capital assets (note 7)	7,271,823	6,996,281
Prepaid expenses	218,423	211,326
	<u>7,490,246</u>	<u>7,207,607</u>
Commitments (note 8)		
Contingencies (note 9)		
Accumulated surplus (note 10)	\$ 1,400,731	\$ 306,553

The accompanying notes are an integral part of these financial statements.

MIDDLESEX-LONDON HEALTH UNIT

Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023	2022
Revenue:			
Grants:			
Ministry of Health	\$ 37,593,513	\$ 33,161,332	\$ 44,444,190
The Corporation of the City of London	7,344,798	7,768,346	7,344,798
Ministry of Children and Youth Services	2,483,313	2,483,313	2,536,257
The Corporation of the County of Middlesex	1,404,859	1,485,535	1,404,859
Government of Canada	268,224	312,265	291,223
	49,094,707	45,210,791	56,021,327
Other:			
Property search fees	3,500	451	1,916
Family planning	140,000	106,803	70,366
City of London Tobacco Reinforcement	188,894	110,035	296,975
Other Income (note 11)	407,140	1,230,173	454,627
	739,534	1,447,462	823,884
Total Revenue	49,834,240	46,658,253	56,845,211
Expenditures:			
Salaries:			
Public Health Nurses	12,115,339	9,663,561	13,324,247
Other salaries	9,377,794	10,211,189	10,006,491
Administrative staff	4,640,839	4,478,992	10,766,146
Public Health Inspectors	2,320,284	2,373,529	2,663,999
Dental staff	1,689,175	1,246,697	1,102,004
Medical Officers of Health	664,050	440,628	419,248
	30,807,480	28,414,596	38,282,135
Other Operating:			
Benefits	7,605,126	7,076,335	7,443,304
Professional services	3,482,803	3,117,322	2,905,417
Rent and maintenance	3,319,032	2,607,726	3,286,234
Other expenses (note 12)	1,577,856	1,310,560	1,007,827
Materials and supplies	2,780,464	1,952,440	3,264,552
Amortization expense	-	824,953	779,188
Travel	261,479	260,143	119,918
	19,026,760	17,149,479	18,806,440
Total Expenditures	49,834,240	45,564,075	57,088,574
Annual surplus(deficit)	-	1,094,178	(243,364)
Accumulated surplus, beginning of year	306,553	306,553	549,917
Accumulated surplus, end of year	\$ 306,553	\$ 1,400,731	\$ 306,553

The accompanying notes are an integral part of these financial statements.

MIDDLESEX-LONDON HEALTH UNIT

Statement of Change in Net Debt

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023	2022
Annual surplus(deficit)	\$ -	\$ 1,094,178	\$ (243,364)
Acquisition of tangible capital assets, net	-	(1,100,495)	(250,710)
Amortization of tangible capital assets	-	824,953	779,189
	-	818,637	285,115
Acquisition of prepaid expenses	-	(218,423)	(211,326)
Use of prepaid expenses	-	211,326	209,881
	-	(7,097)	(1,445)
Change in net debt	-	811,540	283,671
Net debt, beginning of year	(6,901,054)	(6,901,054)	(7,184,724)
Net debt, end of year	\$(6,904,054)	\$(6,089,514)	\$(6,901,054)

The accompanying notes are an integral part of these financial statements.

MIDDLESEX-LONDON HEALTH UNIT

Statement of Cash Flows

December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus(deficit)	\$ 1,094,178	\$ (243,364)
Items not involving cash:		
Amortization expense	824,953	779,189
Change in employee future benefits	182,700	162,300
Changes in non-cash assets and liabilities:		
Accounts receivable	326,333	(430,742)
Grants receivable	(147,626)	(4,430,369)
Prepaid expenses	(7,097)	(1,445)
Due to Province of Ontario	(1,088,940)	621,854
Due to The Corporation of the City of London	(611,898)	611,898
Due to The Corporation of the County of Middlesex	(116,552)	(5,397)
Accounts payable and accrued liabilities	496,240	(2,849,265)
Deferred revenue	(1,926,093)	1,308,093
Accrued wages and benefits	50,365	(1,385,205)
Net change in cash from operating activities	(923,437)	(5,862,452)
Financing Activities:		
Repayment of demand loan	(692,828)	(186,118)
Net change in cash from financing activities	(692,828)	(186,118)
Capital activities:		
Acquisition of tangible capital assets	(1,100,495)	(250,710)
Net change in cash from capital activities	(1,100,495)	(250,710)
Net change in cash	(2,716,758)	(6,299,280)
Cash, beginning of year	4,181,797	10,481,078
Cash, end of year	\$ 1,465,039	\$ 4,181,797

The accompanying notes are an integral part of these financial statements.

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements
Year ended December 31, 2023

The Middlesex-London Health Unit (the “Health Unit”) is a joint local board of the municipalities of The Corporation of the City of London and The Corporation of the County of Middlesex that was created on January 1, 1972. The Health Unit provides programs which promote healthy and active living throughout the participating municipalities.

1. Significant accounting policies:

The financial statements of the Health Unit are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Middlesex-London Health Unit are as follows:

(a) Basis of presentation:

The financial statements reflect the assets, liabilities, revenue and expenditures of the reporting entity. The reporting entity is comprised of all programs funded by the Government of Canada, the Province of Ontario, The Corporation of the City of London, and The Corporation of the County of Middlesex. It also includes other programs that the Board of Health may offer from time to time with special grants and/or donations from other sources.

Inter-departmental transactions and balances have been eliminated.

(b) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of donations, which are included in the statement of operations as received.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of services and the creation of a legal obligation to pay.

The operations of the Health Unit are funded by government transfers from the Government of Canada, Province of Ontario, The Corporation of the City of London and The Corporation of the County of Middlesex. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Government transfers not received at year end are recorded as grants receivable due from the related funding organization in the statement of financial position.

Funding amounts in excess of actual expenditures incurred during the year are repayable and are reflected as liabilities due to the related funding organization in the statement of financial position.

1. Significant accounting policies (continued):

(c) Employee future benefits:

- (i) The Health Unit provides certain employee benefits which will require funding in future periods. These benefits include sick leave, life insurance, extended health and dental benefits for early retirees.

The cost of sick leave, life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long term inflation rates and discount rates.

- (ii) The cost of multi-employer defined benefit pension plan, namely the Ontario Municipal Employees Retirement System (OMERS) pensions, are the employer's contributions due to the plan in the period. As this is a multi-employer plan, no liability is recorded on the Health Unit's financial statements.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives that extend beyond the current year and are not intended for sale in the ordinary course of operations.

- (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets, are amortized on a straight-line basis over the estimated useful lives as follows:

Asset	Useful Life - Years
Leasehold Improvements	5 - 20
Computer Systems	4
Motor Vehicles	5
Furniture & Equipment	7

Assets under construction are not amortized until the asset is available for productive use.

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are recorded as revenue.

(iii) Leased tangible capital assets

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payment are charged to expense as incurred.

(e) Use of estimates:

The preparation of the Health Unit's financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of post-employment benefits.

In addition, the Health Unit's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of the useful lives of tangible capital assets.

Actual results could differ from these estimates.

(f) Financial Instruments:

Financial Instruments

Financial Instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost
Demand Loan	Amortized cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Health Unit manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related

realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(g) Change in Accounting Policy – adoption of new accounting standards

The Health Unit adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023. There was no impact to the financial statements as a result of the adoption of this standard.

2. Employee future benefits:

The Health Unit pays certain life insurance benefits on behalf of the retired employees as well as extended health and dental benefits for early retirees to age sixty-five. The Health Unit recognizes these post-retirement costs in the period in which the employees render services. The most recent actuarial valuation was performed as at December 31, 2023.

	2023	2022
Accrued employee future benefit obligations	\$ 3,247,700	\$ 3,394,800
Unamortized net actuarial gain	155,100	(174,700)
Employee future benefits liability as of December 31	\$ 3,402,800	\$ 3,220,100

Retirement and other employee future benefit expenses included in the benefits in the statement of operations consist of the following:

	2023	2022
Current year benefit cost	\$ 230,500	\$ 223,800
Interest on accrued benefit obligation	105,800	101,900
Amortization of net actuarial loss	43,500	44,500
Total benefit cost	\$ 379,800	\$ 370,200

Benefits paid during the year were \$197,100 (2022 - \$207,900).

2. Employee future benefits (continued):

The main actuarial assumptions employed for the valuation are as follows:

(i) Discount rate:

The obligation as at December 31, 2023, of the present value of future liabilities and the expense for the year ended December 31, 2023, are determined using a discount rate of 3.50% and 3.00% respectively (2022 – 3.00%).

(ii) Medical costs:

Prescription drug costs are assumed to increase at the rate of 4.7% per year (2022 – 4.5%) varying over 19 years to an ultimate rate of 4.0%. Other Medical costs are assumed to increase at a rate of 4.8% per year (2022 - 4.6%), varying over 19 years to an ultimate rate of 4.0%. Vision costs are assumed to increase at a rate of 0% per year.

(iii) Dental costs:

Dental costs are assumed to increase at the rate of 5.1% per year (2022 – 4.9%), varying over 19 years to an ultimate rate of 4.0%.

3. Pension agreement:

The Health Unit contributes to the OMERS which is a multi-employer plan, on behalf of 313 members. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

During 2023, the plan required employers to contribute 9.0% of employee earnings up to the year's maximum pensionable earnings and 14.6% thereafter. The Health Unit contributed \$2,534,673 (2022 - \$2,257,274) to the OMERS pension plan on behalf of its employees during the year ended December 31, 2023.

The last available report for the OMERS plan was on December 31, 2023. At that time, the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion), based on actuarial liabilities for \$134.6 billion (2022 - \$128.7 billion) and actuarial assets for \$130.4 billion (2022 - \$122.8 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

4. Bank indebtedness:

In 2021, to better manage daily cash flows, the Health Unit entered into a \$8 million demand revolving line of credit, available by way of overdraft. Interest on amounts drawn is calculated at prime rate less 0.75% per annum. No amount was outstanding under the line of credit as at year end or as at the previous year end.

5. Financial risks

As the valuation of all financial instruments held by the Health Unit at fair value are derived from quoted prices in active markets, all would be in Level 1 of the fair value hierarchy.

Risks arising from financial instruments and risk management.

The Health Unit is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The Health Unit's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Health Unit's financial performance.

Credit risk

The Health Unit's principal financial assets are cash, and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Health Unit's maximum credit exposure as at the Statement of Financial Position date.

Market risk

The Health Unit is exposed to interest rate risk and price risk with regard to interest rate risk on its demand loan, which is regularly monitored.

The Health Unit's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and demand loan. It is the Health Unit's opinion that the Health Unit is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

The Health Unit mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of the demand loan are disclosed in note 6. There have been no significant changes from the previous year in the Health Unit's exposure to liquidity risk or policies, procedures and methods used to measure the risk. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Within 6 months \$	6-12 months \$	1-4 years \$	4+ years \$
As at December 31, 2023				
Accounts payable	1,055,423	-	-	-
Demand loan	95,248	95,888	2,956,663	-
	Within 6 months \$	6-12 months \$	1-4 years \$	4+ years \$
As at December 31, 2022				
Accounts payable	851,182	-	-	-
Demand loan	98,779	94,615	3,647,231	-

6. Demand Loan:

In 2020, the Health Unit entered a loan agreement for a \$4.2 million demand instalment loan with an amortization period of 20 years to finance the fit-up and relocation costs related to the move to Citi Plaza. The loan was subsequently converted into two non-revolving amortizing instalment loans, with \$3,050,000 established as a fixed rate instalment loan, and the remaining \$1,150,000 established as a floating rate instalment loan. The fixed rate of interest on the first loan is 1.915% per annum over a term of 5 years and is being repaid by monthly blended payments of principal and interest of \$15,307. The interest rate on the second loan is calculated at prime rate less 0.75% per annum and shall be repaid by monthly principal payments of \$4,792. All amounts under the demand loans are repayable immediately on demand by the bank.

Principal payments are due as follows:

2024	191,134
2025	2,956,663
	<hr/>
	<u>\$3,147,797</u>

7. Tangible Capital Assets:

Cost	Balance at December 31, 2022	Additions	Disposals / Transfers	Balance at December 31, 2023
Leasehold Improvements – 20 years	\$6,756,703	\$ 530,745	\$ -	\$ 7,287,448
Computer Systems	1,747,952	102,005	-	1,849,956
Furniture & Equipment	1,262,967	467,745	-	1,730,712
Total	\$ 9,767,622	\$ 1,100,495	\$ -	\$ 10,868,117

Accumulated amortization	Balance at December 31, 2022	Amortization expense	Disposals / Transfers	Balance at December 31, 2023
Leasehold Improvements – 20 years	\$ 806,103	347,450	\$ -	\$ 1,153,554
Computer Systems	1,221,574	298,250	-	1,519,822
Furniture & Equipment	743,664	179,253	-	922,918
Total	\$ 2,771,341	\$ 824,953	\$ -	\$ 3,596,294

	Net book value December 31, 2022	Net book value December 31, 2023
Leasehold Improvements – 20 years	\$ 5,950,600	\$ 6,133,894
Computer Systems	526,378	330,134
Furniture & Equipment	519,303	807,795
Total	\$ 6,996,281	\$ 7,271,823

7. Tangible Capital Assets (continued):

Cost	Balance at December 31, 2021	Additions	Disposals / Transfers	Balance at December 31, 2022
Leasehold Improvements – 20 years	\$6,756,703	\$ -	\$ -	\$ 6,756,703
Computer Systems	1,555,619	192,333	-	1,747,952
Furniture & Equipment	1,204,590	58,377	-	1,262,967
Total	\$ 9,516,912	\$ 250,710	\$ -	\$ 9,767,622

Accumulated amortization	Balance at December 31, 2021	Amortization expense	Disposals / Transfers	Balance at December 31, 2022
Leasehold Improvements – 20 years	\$ 471,922	334,181	\$ -	\$ 806,103
Computer Systems	920,867	300,707	-	1,221,574
Furniture & Equipment	599,363	144,301	-	743,664
Total	\$ 1,992,152	\$ 779,189	\$ -	\$ 2,771,341

	Net book value December 31, 2021	Net book value December 31, 2022
Leasehold Improvements – 20 years	\$ 6,284,781	\$ 5,950,600
Computer Systems	634,751	526,378
Furniture & Equipment	605,226	519,303
Total	\$ 7,524,760	\$ 6,996,281

8. Commitments:

The Health Unit is committed under operating leases for office equipment and rental property.

Future minimum payments to expiry are as follows:

2024	\$ 830,499
2025	804,869
2026	730,658
2027	730,658
2028	730,658
Thereafter (Remaining term of Lease)	\$ 9,408,945

9. Contingencies:

From time to time, the Health Unit is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. These claims may be covered by the Health Unit's insurance. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely, and it is estimable.

10. Accumulated Surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2023	2022
Surpluses:		
Invested in tangible capital assets	\$ 7,271,823	\$ 6,996,281
Net transfer to surplus	422,618	194,920
Unfunded:		
Demand loan	(3,147,799)	(3,840,625)
Post-employment benefits	(3,402,800)	(3,220,100)
Total surplus	1,143,841	130,477
Reserves set aside by the Board:		
Employment costs	109,781	176,077
Technology and Infrastructure	147,109	-
Total reserves	256,890	176,077
Accumulated surplus	\$ 1,400,731	\$ 306,553

11. Other income:

The following revenues are presented as other income in the statement of operations:

	2023 Budget	2023	2022
Charitable donations	\$147,000	\$ 277,348	\$ 234,635
OHIP billings	130,000	124,976	147,060
Miscellaneous	38,640	479,796	67,852
Food handler training	-	75	4,770
Interest Revenue	-	161,867	-
Vaccines	91,500	186,111	310
	\$ 407,140	\$ 1,230,173	\$ 454,627

12. Other expenses:

The following expenditures are presented as other expenses in the statement of operations:

	2023 Budget	2023	2022
Communications	\$ 176,700	\$ 178,838	\$ 229,813
Health promotion/advertising	246,959	169,086	214,952
Miscellaneous	322,211	350,829	45,791
Postage and courier	21,828	54,145	97,495
Printing	60,739	59,046	75,274
Staff development	166,000	190,809	201,447
Interest expense	383,684	111,217	-
Insurance	170,400	196,590	143,055
	\$ 1,548,521	\$ 1,310,560	\$ 1,007,827